



City of Milwaukee

Meeting Minutes

City Hall
200 East Wells Street
Milwaukee, WI 53202

CONVENIENT LENDING TASK FORCE

ALD. JOE DAVIS, Chair

Ald. Terry Witkowski, Vice-Chair, Chris Callen, Kathryn Crumpton, Dorothy Dean, Dimitri Jordan, Anna Ruzinski, Bethany Sanchez, Jim Walrath, Bobbie Webber Jr.

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Friday, April 7, 2006

9:00 AM

City Hall, Room 301-B

Meeting Convened: 9:11 A.M.

Members Present: Ald. Davis, Mr. Callen, Ms. Crumpton, Ms. Dean, Mr. Franitz, Ruzinski and Mr. Walrath.

Members Excused: Ald. Witkowski.

Members Absent: Mr. Webber Jr.

Ms. Sanchez participated in the meeting via telephone conference.

1) Approval of the minutes of the March 3, 2006 meeting

Motion by Ms. Dean to amend page 3, paragraph 3, of the minutes of the February 3, 2006 meeting to amend Bruce Service Credit Union to read First Service Credit Union.

Motion by Deputy Inspector Ruzinski to approve the minutes as amended. Seconded by Ms. Dean.

Prevailed. 7-0.

2) Review of draft report and recommendations

The Convenient Lending Task Force discussed the following changes relative to the final draft recommendations:

- "Overview of Convenient Lending Industry," add paragraphs relative to the conclusions of a Fannie Mae Foundation Report, "Anologies of Alternative Financial Service Providers."

- A citywide map listing the locations of banks and convenient lending establishments and robberies occurring in 2005 added to the appendices.

- The entire section relative to "Neighborhood Impact Issues" was added. Add a copy of Ald. Davis' open records request to DFI (copy in the appendix). In response, DFI sent aggregate statewide data on the number of payday loan office locations, the number of loans made and the total value of such loans for the years 1996-2004 table added to reflect this information.

This data revealed that within the last 4-year period, the number of payday loan outlets statewide nearly doubled and the number of loans increased 57% and the total value of payday loans more than doubled.

-"Alternatives to Convenient Lending Businesses" added.

-Regulations of Convenient Lending Establishments under the State of Wisconsin controls, adding a description of the disparity b/w the pre loan law and the statutes on pawnbroker loans, which limit the amount and interest rate of pawnbroker loans.

-Paragraph added to include response from DFI to task force members that they will not propose legislation to create stiffer penalties up the state regulations for convenient lending establishments.

-City of Milwaukee regulations section was divided into to sections to identify zoning and non-zoning regulations.

-Mr. Franitza provided recent BOZA cases involving convenient cash businesses, which suggests that the current zoning regulations, which include the distance requirements, which have been highly effective in preventing further proliferation of convenient cash establishments.

Ms. Dean advised members that when she spoke with DFI they were specific about not opposing any legislation nor any regulations relative to convenient cash businesses.

-Regulations in other communities were updated to include the recently adopted legislation in Tucson relative to special uses and spacing requirements.

Deputy Inspector Ruzinski addressed members regarding her previous motion to recommend changes be made to city ordinances relative to safety issues concerning convenient cash establishments. She advised members that since the last meeting she has met with Peggy Partenfelder-Moede, Wisconsin Alliance of Financial Services and the Wisconsin Deferred Deposit Association to develop best practices relating to safety issues and other major concerns. The draft of best practices developed by both of the associations has been submitted to the Milwaukee Police Department.

Ald. Davis read into the record the following draft recommendations:

-The Wisconsin Department of Financial Institutions should amend its loan company annual report form, specifically Schedule "B" of the form to require loan companies to include information on the geographic distribution of the customers, distribution of customer by zip code or census tract. The Department of Financial Institution should also make this information available to the public on an aggregate basis.

-The Milwaukee Police Department, The Legislative Reference Bureau and the City Attorney, should be directed to work together to explore options for tightening or creating city ordinances relating to regulation of the convenient lending industry; one such ordinance might set-forth security requirements such store openings, closing procedures, requirements for security cameras, employee list and parking lot lighting that are both enforceable and legal. The city working group may wish to consider regulations similar to those adopted by Oakland, California.

Ms. Sanchez requested the following recommendations also be included in the final report and recommendations:

-Use the Community Reinvestment Act (CRA) comment letters to encourage banks to open additional branches in low and moderate-income neighborhoods where check cashers and payday loan establishments are concentrated and where no bank branches exists.

-To meet with lenders who want to close branches in low and moderate-income neighborhoods in an effort to discuss the needs of those communities and how those needs would be met without a bank branch near by.

-To encourage lenders to provide the community with alternatives to check cashing establishments, (CRA Alternative model included).

-To meet with representatives from Milwaukee County and other cities in the county and ask them to join with the city of Milwaukee to form and fund a comprehensive plan to help educate residents about the cost of doing business with payday loan, check cashing and predatory home mortgage lenders.

Ms. Sanchez informed members that all of the recommendations flow from the fact the millions of dollars are being unnecessarily pulled from the pockets of Milwaukeeans, instead of going towards legitimate economy building functions.

-Recommendation to establish a similar bill to that of Philadelphia's current ordinance. Motion by Mr. Walrath; to include the recommendations submitted by Ms. Sanchez to the final report. Seconded Ms. Dean.

Prevailed. 7-0.

Mr. Walrath suggested that the following recommendation be included in final report on pages 13 and 14 of the current draft to follow the third recommendation submitted by Ms. Sanchez:

-Recommendation that the city of Milwaukee, sponsor a conference or consider similar action that would include lending alternatives and initiatives by Good Money Prospera Credit Union and Real Solutions efforts conducted by the Wisconsin Credit Union League be presented. Lenders from around the city should be invited in addition to both Good Money Prospera Credit Union and Real Solutions to provide information to the lending community on how their program works. The recommendation should include various speakers who provide educational programs on good banking habits for consumers.

Ms. Crumpton advised members that there is currently a good checking program that approximately 16 lending institutions participate in, which was developed to help individuals who have not been able to do business with traditional lenders due to inappropriate actions, redevelop relationships to establish checking accounts. She explained that part of the problem is a distrust of our citizens to develop relationships with lending institutions.

Ald. Davis requested Mr. Osterman research and identify banks that have programs that educate the consumer on banking (i.e. establishing or re-establishing checking and savings accounts, borrowing, etc.) or practices similar to those identified by Ms. Crumpton; to be added to the appendices of the final report and recommendations.

Motion by Mr. Walrath to add recommendations that would include a conference sponsored by the city to provide information to lenders, in addition to programs by lenders

to educate the consumer on banking to the final report. Seconded by Ms. Sanchez.

Prevailed. 7-0.

Motion by Mr. Walrath for the task force to make a recommendation to the Department of Financial Institutions that they research and prepare a report on the pros and cons of legislation or regulations that would treat payday lending and title loan businesses similarly to pawn broking businesses for purposes of ceiling rates. Seconded by Ms. Dean.

Prevailed. 7-0.

Motion by Ald. Davis to make a recommendation that would support continued distancing requirements under the current city ordinance and to monitor the effects of the statistics and to amend as accordingly. Seconded by Ms. Dean.

Prevailed. 7-0.

Motion by Mr. Walrath to make the following recommendations to the final report and recommendations:

-Recommendation that the Legislative Reference Bureau and the City Attorney's Office consider additional zoning regulations based upon a number of convenient lending business locations, on a density basis, (i.e. a certain number of people in a aldermanic district), similar to those used in other municipalities around the country.

Motion by Ms. Dean to reconsider the previous motion by Ald. Davis. Seconded by Deputy Inspector Ruzinski.

Prevailed. 7-0.

Motion by Mr. Walrath to amend the previous recommendation by Ald. Davis to include in the final report and recommendations, continued support of distancing requirements under the current city ordinance and to monitor the effects of the statistics, to amend as accordingly. In addition to the recommendation by Mr. Walrath that the Legislative Reference Bureau, the City Attorney's Office and the Department of City Development, work together to consider additional zoning regulations based upon a number of convenient lending business locations on a density basis, (i.e. a certain number of people in a aldermanic district), similar to those used in other municipalities around the country as a combined recommendation. Seconded by Ms. Dean.

Prevailed. 7-0.

Motion by Mr. Callen to approve the recommendation as amended. Seconded by Deputy Inspector Ruzinski.

Prevailed. 7-0.

Motion by Mr. Callen to reconsider Item #1 of the recommendation included in the final draft report relative DFI reports. Seconded by Deputy Inspector Ruzinski.

Prevailed. 7-0.

Motion by Mr. Walrath to amend Item #1 in the current recommendations listed in the final draft report relative to requesting additional compilation of information be made and

reported through DFI data, specifically that there be a distinction drawn between the principal indicated by the lenders and the amount of money attributed to finance charges and that a third category identify the amount of money charged related to fees. Seconded by Deputy Inspector Ruzinski.

Prevailed. 7-0.

Motion by Ms. Sanchez to approve Item #1 in the current report as amended. Seconded by Ms. Crumpton.

Prevailed. 7-0.

Ald. Davis advised members that his intent is to go on community radio, after the task force has completed its final report and recommendations to talk about the results of the recommendations and data included in the report; he encouraged members to join him.

Mr. Osterman requested confirmation recommendation of inclusion of the Philadelphia Bill, presented by Ms. Sanchez in the final report and recommendations.

Ald. Davis advised members that a formal recommendation, be made and action taken to include the Philadelphia ordinance submitted by Ms. Sanchez.

Motion by Ms. Sanchez to include in the final report and recommendations a recommendation for Milwaukee to institute a bill similar to the current Philadelphia Bill. Seconded by Ms. Dean.

Prevailed. 7-0.

Motion by Mr. Walrath that the task force include acknowledgement of City Clerk staff for their support in the development of the report and recommendations of the Convenient Lending Task Force.

Motion by Ald. Davis amend the previous motion by Mr. Walrath, to include acknowledgement of City Clerk staff for their support in the development of the report and recommendations of the Convenient Lending Task Force; in addition to Ms. Partenfelder-Moede for her assistance in the development of the report and recommendations of the Convenient Lending Task Force. Seconded by Deputy Inspector

Prevailed. 7-0.

Motion by Ms. Sanchez to amend the final draft report and recommendations to add language at the beginning of the report, to suggest that it is the responsibility of both the consumer to educate themselves, and traditional lending institutions to provide education to the consumer. Seconded by Ms. Dean.

Prevailed. 7-0.

Mr. Walrath recommended that information on page 9 relative to the Fannie Mae report be moved to page 8.

In addition, Mr. Callen recommended that information be included that would indicate that convenient lending establishments use on the spot cash as a marketing tool to sway the consumer to use their services.

3) Public Comments

There were no public comments.

Meeting Adjourned: 10:21 A.M.

*Diana Morgan
Staff Assistant*